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Testimony of Speaker of the House Christopher G. Donovan
To the Public Health Committee in support of:

SB 425, An Act Concerning a Basic Health Program

March 21, 2012

I appreciate the opportunity to express my support for one of the many important proposals before you this session.

The Basic Health Program (BHP) option is available under the federal health reform law to help states provide health care coverage to low-income adults with family incomes between 133 and 200 percent of the federal poverty level (FPL), who do not have access to employer-sponsored coverage, Medicaid or Medicare. The federal government will provide states with 95% of the premium and cost sharing subsidies it would have provided to this population if they were to purchase insurance in the exchange.

The federal law gives states substantial flexibility in designing their programs. SB 425 requires that Connecticut design its program to mirror Medicaid, within available federal funds. This bill also provides for the state to move eligible HUSKY adult beneficiaries to the Basic Health Program, so the state can receive a higher reimbursement rate, while maintaining coverage for this group. SB 425 also requires that any excess federal funds and at least half the savings from moving HUSKY beneficiaries to the BHP be put back into the program to increase provider rates.

The Basic Health Program proposal responds to concerns that participating in the exchange will be unaffordable to this low-income population, even if subsidies are provided, as a single person in this category only earns \$14,856-\$22,240 a year. It is likely that hourly wage earners will churn between Medicaid and various subsidy levels on the exchange as their earnings change from month to month. In addition to creating an administrative burden on the Medicaid program, this puts a vulnerable population in jeopardy for interruptions in coverage that may leave them without a primary care provider or without needed prescriptions, working against our efforts to improve access to routine care and keep people out of emergency rooms. Churning will also put this population at risk for additional tax liability as their eligibility for tax subsidies changes from month to month.

Implementing this option reduces the number of people in the individual market who are eligible for the exchange, but is likely to make private insurance more affordable for individuals by improving the health of the overall pool, as adults under 200% FPL tend to have greater health needs. This proposal is a win for low income adults and the state General Fund.

Thank you for the opportunity to submit testimony. I urge the committee to support this important proposal.